



**NATIONAL COUNCIL SOCIAL SECURITY MANAGEMENT ASSOCIATIONS, INC.**  
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February 29, 1984

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Honorable William D. Ford  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Congressman Ford:

The Social Security Managers Association is an organization consisting of approximately 4,000 Social Security managers and supervisors. The Association's members are employed in Social Security offices throughout the United States. The purpose of this letter is to advise you of the position of the Social Security Managers Association with respect to the current and proposed federal employees retirement system.

The Social Security Managers Association is very concerned about the structure of the new employees retirement system that will soon be developed by Congress. Additionally, we believe that those who were federal employees prior to January 1, 1984, and thus covered by the original retirement system should be assured of the continuance of the level of benefits currently provided for those employees.

Our organization has been extensively studying private sector pension plans for the past two and one-half years. It is our finding that most corporations having at least 1,000 employees provide pension benefits to their employees that do not differ significantly from company to company. We have discovered that there are two factors working together to result in these plans being similar. The first is the plans provide a predetermined defined level of retirement income for employees. Second, there is a need to remain competitive with other corporations offering retirement systems.

One of the most important factors we have found in the private sector system is that pension plans are designed and offered by most corporations without regard to other benefits. In other words, there is not a trade-off or an offering of "cafeteria benefits" with respect to pension plans in combination with other benefits. We


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strongly urge that the federal retirement system also be designed as a benefit in and of itself without the necessity of trading off other federal benefits for a strong federal retirement system.

Additionally, our study has found that the typical plan of the private sector contains three tiers. The first tier consists of social security benefits. Second, the corporation funds a defined benefit pension plan entirely at employer expense which is designed to provide a specific percentage of salary replacement when integrated with the social security benefit already received by the employee. The final tier is an optional thrift plan by which the employee is able to shelter an additional amount of salary with at least some of that percentage consisting of a matching amount from the employer. The Social Security Managers Association supports such a three tiered system as the new federal employees retirement system with a salary replacement rate being provided with the first two tiers comparable with that offered in the private sector. (See enclosed outline of retirement system favored by Social Security Managers Association.)

With respect to the existing system that provides coverage to employees hired prior to January 1, 1984, the Social Security Managers Association believes that many persons do not know or understand the truth about that system. Much of this lack of understanding is caused by an unfair, concerted, and vitriolic attack providing misleading information about the federal retirement system. The attached document prepared by our organization entitled "The Facts Revealed" shows the truth with respect to the current system. Our organization also believes that, at a minimum, federal employees should be assured that Congress will continue to provide them with the level of salary replacement in whatever retirement system is adopted as they have been promised in the existing retirement system. We support the continuation of the current system for those employees covered by it with an employee option to convert to the new system.

Sincerely,

  
Robert Fleminger  
National President